

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Olive Township	County Ottawa
Audit Date March 31, 2004	Opinion Date June 2, 2004	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ yes ☐ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) CALVIN MEEUSEN COMPANY, C.P.A., PLLC			
Street Address 1014 S. BEACON BLVD.	City GRAND HAVEN	State MT	ZIP 49417
Accountant Signature <i>Calvin Meeusen</i> C.P.A.			

AUDITOR'S REPORT
TOWNSHIP OF OLIVE, MICHIGAN

March 31, 2004

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CALVIN MEEUSEN COMPANY, C.P.A., PLLC

**CALVIN D. MEEUSEN
CERTIFIED PUBLIC ACCOUNTANT**

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INDEPENDENT AUDITOR'S REPORT

Township Board
Township of Olive
Ottawa County, Michigan

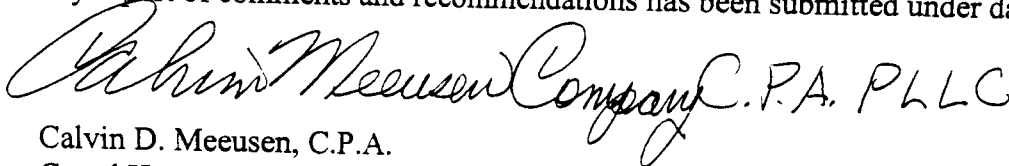
I have audited the general purpose financial statements of the Township of Olive, Michigan, as of and for the year ended March 31, 2004. These financial statements are the responsibility of the Township of Olive's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America as well as those procedures prescribed by the State Treasurer. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Township of Olive, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Olive, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My report of comments and recommendations has been submitted under date of June 2, 2004.

 Calvin D. Meeusen, C.P.A. PLLC

Calvin D. Meeusen, C.P.A.
Grand Haven, MI 49417
June 2, 2004

Township of Olive, Michigan

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

		<u>Governmental Fund Types</u>	
		<u>General</u>	<u>Special Revenue</u>
ASSETS			
Cash		\$2,419,022	\$ 448,422
Receivables			
Taxes		47,094	-
Due from other funds		11,422	42,379
Due from state		43,139	-
Property, plant and equipment		-	-
		<u>-</u>	<u>-</u>
Total Assets		<u>\$2,520,677</u>	<u>\$ 490,801</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable		\$ 23,080	\$ 1,448
Accrued expenses		628	-
Due to other funds		41,879	500
Escrow deposits		-	-
		<u>-</u>	<u>-</u>
Total Liabilities		65,587	1,948
Fund Equity:			
Investment in general fixed assets		-	-
Fund balance			
Undesignated		<u>2,455,090</u>	<u>488,853</u>
Total Fund Equity		<u>2,455,090</u>	<u>488,853</u>
Total Liabilities and Fund Equity		<u>\$2,520,677</u>	<u>\$ 490,801</u>

The accompanying notes are an integral part of this statement.

<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>(Memoran- dum only)</u>
\$ 16,422	\$ -	\$2,883,866
-	-	47,094
-	-	53,801
-	-	43,139
<u>-</u>	<u>2,037,771</u>	<u>2,037,771</u>
<u>\$ 16,422</u>	<u>\$2,037,771</u>	<u>\$5,065,671</u>
\$ -	\$ -	\$ 24,528
-	-	628
11,422	-	53,801
<u>5,000</u>	<u>-</u>	<u>5,000</u>
16,422	-	83,957
-	2,037,771	2,037,771
<u>-</u>	<u>-</u>	<u>2,943,943</u>
<u>-</u>	<u>2,037,771</u>	<u>4,981,714</u>
<u>\$ 16,422</u>	<u>\$2,037,771</u>	<u>\$5,065,671</u>

Township of Olive

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES

Year ended March 31, 2004

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Revenues:			
Taxes	\$147,684	\$508,850	\$656,534
Licenses and permits	88,049	-	88,049
State grants	332,823	-	332,823
Interest and rentals	89,189	13,111	102,300
Other revenue	<u>1,915</u>	<u>9,624</u>	<u>11,539</u>
TOTAL REVENUES	659,660	531,585	1,191,245
Expenditures:			
Current			
Legislative	13,844	-	13,844
General government	250,821	-	250,821
Public safety	143,041	198,962	342,003
Public works	9,021	380,973	389,994
Other	<u>276,697</u>	<u>-</u>	<u>276,697</u>
TOTAL EXPENDITURES	<u>693,424</u>	<u>579,935</u>	<u>1,273,359</u>
EXCESS OF REVENUES OVER EXPENDITURES	(33,764)	(48,350)	(82,114)
Other financing sources (uses)			
Transfers to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF EXPENDITURES AND OTHER USES OVER REVENUES AND OTHER SOURCES	(33,764)	(48,350)	(82,114)
Fund balance - April 1	<u>2,488,854</u>	<u>537,203</u>	<u>3,026,057</u>
Fund balance - March 31	<u>\$2,455,090</u>	<u>\$488,853</u>	<u>\$2,943,943</u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

Year ended March 31, 2004

	<u>General Fund</u>		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 168,000	\$ 147,684	\$(20,316)
Licenses and permits	65,000	88,049	23,049
State grants	250,000	332,823	82,823
Interest and rentals	53,000	89,189	36,189
Other revenue	<u>30,000</u>	<u>1,915</u>	<u>(28,085)</u>
TOTAL REVENUES	566,000	659,660	93,660
Expenditures:			
Current:			
Legislative	14,800	13,844	956
General government	274,292	250,821	23,471
Public safety	158,000	143,041	14,959
Public works	29,000	9,021	19,979
Other	<u>742,318</u>	<u>276,697</u>	<u>465,621</u>
TOTAL EXPENDITURES	<u>1,218,410</u>	<u>693,424</u>	<u>524,986</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(652,410)	(33,764)	618,646
Other financing sources (uses)			
Transfers to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(652,410)	(33,764)	618,646
Fund balance - April 1	<u>2,488,854</u>	<u>2,488,854</u>	-
Fund balance - March 31	<u>\$1,836,444</u>	<u>\$2,455,090</u>	<u>\$ 618,646</u>

The accompanying notes are an integral part of this statement.

ANCE

(e)	<u>Special Revenue Funds</u>			<u>Totals</u> <u>(Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	\$420,000	\$508,850	\$ 88,850	\$ 588,000	\$ 656,534	\$ 68,534
	-	-	-	65,000	88,049	23,049
	-	-	-	250,000	332,823	82,823
	13,000	13,111	111	66,000	102,300	36,300
	<u>-</u>	<u>9,624</u>	<u>9,624</u>	<u>30,000</u>	<u>11,539</u>	<u>(18,461)</u>
	433,000	531,585	98,585	999,000	1,191,245	192,245
	-	-	-	14,800	13,844	956
	-	-	-	279,292	250,821	23,471
	211,700	198,962	12,738	369,700	342,003	27,697
	482,000	380,973	101,027	511,000	389,994	121,006
	<u>-</u>	<u>-</u>	<u>-</u>	<u>737,318</u>	<u>276,697</u>	<u>465,621</u>
	<u>693,700</u>	<u>579,935</u>	<u>113,765</u>	<u>1,912,110</u>	<u>1,273,359</u>	<u>638,751</u>
	(260,700)	(48,350)	212,350	(913,110)	(82,114)	830,996
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(260,700)	(48,350)	212,350	(913,110)	(82,114)	830,996
	<u>537,203</u>	<u>537,203</u>	<u>-</u>	<u>3,026,057</u>	<u>3,026,057</u>	<u>-</u>
	<u>\$276,503</u>	<u>\$488,853</u>	<u>\$212,350</u>	<u>\$2,112,947</u>	<u>\$2,943,943</u>	<u>\$ 830,996</u>

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

The Township of Olive (Ottawa County) is a general law township which operates under an elected Township Board form of government and provides services to its residents in many areas including public safety (fire protection), highways and streets, parks and recreation, planning and zoning and general administrative services.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Olive, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

1. Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Olive Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. There are no other activities, organizations, boards or commissions meeting the above criteria that should be included as component units in these general purpose financial statements.

2. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in this report, as follows:

GOVERNMENTAL FUND TYPES

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FIDUCIARY FUND TYPES

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trust capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

3. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenues at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

5. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. On or about March 31, the Township Board submits to the general public a proposed operating budget for the fiscal year commencing the following April 1. The operating budget included proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted through passage of a resolution.
- d. The Township Board is authorized to transfer budgeted amounts within departments within any fund.
- e. Budgets for the general fund and special revenue fund are adopted on a basis consistent with generally accepted accounting principles.
- f. Appropriations for the general fund lapse at the end of the fiscal year.

Budgeted amounts are as originally adopted, or as amended by the Township Board as of March 31, 2004.

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property and are levied as follows: Summer taxes on July 1 are payable through September 14; winter taxes on December 1 are payable through February 14. The Township bills and collects its own property taxes and also taxes for the local and intermediate school districts and the county. Collection of these taxes and remittance of them to the districts and the county are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized in the period for which they are levied. The Township is permitted by law to levy taxes up to .9923 mills per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and no millage for the payment of principal and interest on long-term debt. The combined tax rate, of levied millage and additional voted millage, to finance general governmental services for the year ended March 31, 2004, was 4.8725 mills.

7. Compensated Absences

Township employees earn vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave do not accumulated past March 31 of each fiscal year. No portion of unused sick leave is paid to employees at the time of termination or retirement. It is the Township's policy to recognize the cost of sick leave at the time it is paid.

8. Encumbrances

Encumbrance accounting under which purchase orders, contracts and commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

10. Cash and Cash Equivalents

The Township considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Risk Management

The Township of Olive is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits and workers compensation claims and participates in the Michigan Township Participating Plan for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents). Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The local units in the State of Michigan established and created a trust fund, known as the Michigan Township Participating Plan pursuant to the provisions of Act 138 of the Michigan Public Acts of 1982. The plan is to provide for joint and cooperative action relative to Members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities within the state. The Township of Olive became a member of the plan in 1996.

The Michigan Township Participating Plan operates as a risk-sharing management program for local units in Michigan, member premiums are used to purchase insurance coverage to pay member claims in excess of deductible amounts.

12. Total Columns on Combined Statements

Total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - DEPOSITS

The Township's deposits are with four financial institutions and are carried at cost, the deposits are composed of interest bearing and non-interest bearing demand deposits and certificates of deposit.

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE B - DEPOSITS - CONTINUED

At March 31, 2004, the carrying amount of the Township's deposits was \$2,883,866 and the bank balance was \$3,122,853. Of the bank balance, \$400,000 was covered by federal depository insurance, the remainder being uninsured.

<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fund</u>
\$2,419,022	\$2,484,694	General
2,333	2,333	Road
11,422	166,669	Current Tax Collection
12,597	12,597	Fire Rescue Donation
5,000	5,000	Escrow deposit
266,112	284,180	Emergency
<u>167,380</u>	<u>167,380</u>	Dust Control
<u>\$2,883,866</u>	<u>\$3,122,853</u>	

NOTE C - INTERFUND RECEIVABLES AND PAYABLES

Details of interfund receivables and payables at March 31, 2004, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 11,422	Current Tax Collection	\$ 11,422
Emergency	41,879	General	41,879
Fire Rescue Donation	<u>500</u>	Emergency	<u>500</u>
	<u>\$ 53,801</u>		<u>\$ 53,801</u>

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE D - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Addi- tions	Dele- tions	Balance March 31, 2004
Land and improvements	\$ 245,589	\$ 22,159	\$ -	\$ 267,748
Buildings	909,064	-	8,072	900,992
Furniture, fixtures and equipment	236,670	20,415	119,452	137,633
Vehicles	<u>758,798</u>	<u>-</u>	<u>27,400</u>	<u>731,398</u>
	<u>\$2,150,121</u>	<u>\$ 42,574</u>	<u>\$154,924</u>	<u>\$2,037,771</u>

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures have been reported on a functional basis. This is the same basis for which the budgets have been legally adopted and amended.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total <u>Appropriations</u>	Actual <u>Expenditures</u>	Budget <u>Variance</u>
General Fund			
Attorney	86,707	90,148	3,441
Other-MACC Council	15,000	15,018	18
Fire Rescue Donation Fund	-	6,542	6,542
Dust Fund	60,000	60,341	341

NOTE F - MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS)

The Township of Olive elected to become a member of the Municipal Employees Retirement System in accordance with provisions of Section 41 of Act No. 427, Public Acts of 1984, effective July 1, 1991. The payroll for employees covered by the MERS for the year ended March 31, 2004, was \$56,260. Current membership in the MERS is comprised of the following:

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE F - MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS)-CONTINUED

<u>Group</u>	<u>March 31, 2003</u>
Retirees and beneficiaries currently receiving benefits	-
Vested terminated employees	1
Active employees	3

Employees attaining the age of 50 who have completed 25 or more continuous years of service are entitled to annual benefits of 2.0% of their final average compensation for each year of credited service, reduced 1/2 of 1% for each complete month that retirement precedes the normal retirement age of 60. The MERS permits early retirement at the completion of 25 years of continuous service. Active employees who become disabled after acquiring ten or more years of continuous service are entitled to annual benefits of 2.0% of their final average compensation for each year of credited service.

If an active employee or vested former employee with ten or more years of service dies before retirement, a monthly survivor allowance may be payable as follows:

Named contingent survivor beneficiary (if any) will receive a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election.

No named beneficiary and the employee leaves a spouse, the spouse will receive a survivor allowance. The amount of allowance shall be 85% of the deceased employee or former employee accrued retirement allowance, based upon service and final average compensation at time of death.

No named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under the age of 21 will be paid an equal share of 50% of the deceased employee's accrued retirement allowance.

If an employee terminates employment with the Township before age 60, other than by retirement or death, the retirement allowance is computed in the same manner as a service retirement with the applicable benefit being determined as of the date of termination. Rights to an allowance are forfeited if the employee's accumulated contributions are withdrawn.

Employees are required to contribute 7.6% of their annual salary to the MERS. The Township is required to contribute the remaining amount necessary to fund the MERS, using the entry age-normal actuarial method as specified by ordinance. The Township currently funds at a rate of 6.91% of each participating employee's annual salary.

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE F - MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS)-
CONTINUED

Funding Status and Progress

The Township contributed \$3,972 to the plan for the year ended March 31, 2004. The pension benefit obligation was underfunded by \$26,514 and \$26,725 at January 1, 2003 and 2002, respectively, and was determined as part of an actuarial valuation of the plan as of those dates. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) the salary increase assumption projects annual salary increases of 4.5% plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases, (c) the assumption that benefits will not increase after retirement.

NOTE G - BUILDING INSPECTION DEPARTMENT

Olive Township is responsible for complying with the State Construction Code Act. This Act was amended by Public Act 245 of 1999 which became effective on January 1, 2000. Section 22 of Public Act 245 requires that the legislative body of a governmental subdivision shall establish reasonable fees to be charged by the governmental subdivision for acts and services performed by the enforcing agency under this act, which fees shall be intended to bear a reasonable relation to the cost, including overhead, to the governmental subdivision of the acts and services, including, without limitation, those services and acts as, in case of an enforcing agency, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, and the issuance of certificates of use and occupancy, and, in case of a board of appeals, hearing appeals in accordance with this act. The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency and shall not use the fees for any other purpose.

Olive Township meets the Michigan Department of Treasury criteria to account for these activities in the General Fund (ie. not establishing a separate Special Revenue Fund) namely, that the fee structure is not intended to recover the full cost of the enforcing agency and the Township has the ability to track the full costs and revenues of the enforcing agency without creating a separate fund. The following is a schedule of the revenues and expenditures associated with the building inspection department:

Township of Olive, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2004

NOTE G - BUILDING INSPECTION DEPARTMENT - CONTINUED

Township of Olive
Building Inspection Department
April 1, 2003-March 31, 2004

Revenue	\$ 88,049
Expenses	
Contracted services	95,081
Supplies	31
Administration	<u>8,805</u>
 TOTAL EXPENSES	 <u>103,917</u>
 EXCESS OF REVENUE OVER (UNDER) EXPENSES	 <u><u>\$ (15,868)</u></u>

SUPPLEMENTAL INFORMATION

Township of Olive, Michigan

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - DETAILED
GENERAL FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Legislative			
Governing body			
Salaries and wages	\$ 4,800	\$ 2,945	\$ 1,855
Supplies	<u>10,000</u>	<u>10,899</u>	<u>(899)</u>
Total legislative	14,800	13,844	956
General government			
Supervisor			
Salaries and wages	22,780	22,780	-
Supplies	<u>2,000</u>	<u>1,493</u>	<u>507</u>
	24,780	24,273	507
Auditor			
Professional and contractual services	7,500	7,445	55
Assessor			
Professional and contractual services	19,921	19,921	-
Supplies	<u>2,500</u>	<u>1,315</u>	<u>1,185</u>
	22,421	21,236	1,185
Attorney			
Professional and contractual services	86,707	90,148	(3,441)
Election			
Wages	1,500	-	1,500
Supplies	<u>500</u>	<u>-</u>	<u>500</u>
	2,000	-	2,000
Clerk			
Salaries and wages	19,359	19,359	-
Supplies	<u>4,000</u>	<u>3,180</u>	<u>820</u>
	23,359	22,539	820
Deputy Clerk			
Salaries and wages	1,500	371	1,129
Treasurer			
Salaries and wages	21,750	20,795	955
Supplies	<u>2,000</u>	<u>1,270</u>	<u>730</u>
	23,750	22,065	1,685

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - DETAILED - CONTINUED
GENERAL FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General government - continued			
Deputy Treasurer			
Salaries and wages	\$ 1,275	\$ 1,275	\$ -
Board of Review			
Salaries and wages	3,000	1,170	1,830
Office supplies	500	350	150
	<u>3,500</u>	<u>1,520</u>	<u>1,980</u>
Building and Grounds			
Salaries and wages	4,000	3,149	851
Office supplies	8,000	4,306	3,694
Public utilities	10,000	9,264	736
	<u>22,000</u>	<u>16,719</u>	<u>5,281</u>
General services			
Wages	22,000	20,104	1,896
Office supplies	12,000	8,186	3,814
Professional and contractual services	12,000	7,518	4,482
	<u>46,000</u>	<u>35,808</u>	<u>10,192</u>
Cemetery			
Salaries and wages	7,000	6,601	399
Supplies	2,500	821	1,679
	<u>9,500</u>	<u>7,422</u>	<u>2,078</u>
Total general government	274,292	250,821	23,471
Public Safety			
Building Inspector			
Professional and contractual services	50,000	49,279	721
Office supplies	1,500	31	1,469
	<u>51,500</u>	<u>49,310</u>	<u>2,190</u>
Electrical Inspector			
Professional and contractual services	8,000	7,388	612
Plumbing Inspector			
Salaries and wages	8,000	6,992	1,008
Mechanical Inspector			
Professional and contractual services	6,000	4,922	1,078

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - DETAILED - CONTINUED
GENERAL FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety - continued			
Planning Commission			
Salaries and wages	\$ 12,500	\$ 6,584	\$ 5,916
Office supplies	<u>7,500</u>	<u>3,785</u>	<u>3,715</u>
	20,000	10,369	9,631
Zoning Administrator			
Professional and contractual services	26,500	26,500	-
Zoning Master Plan			
Professional and contractual services	36,000	36,000	-
Zoning Board of Appeals			
Salaries and wages	1,000	960	40
Office supplies	<u>1,000</u>	<u>600</u>	<u>400</u>
	<u>2,000</u>	<u>1,560</u>	<u>440</u>
Total Public Safety	158,000	143,041	14,959
Public Works			
Drains	25,000	5,618	19,382
Street lighting			
Public utilities	<u>4,000</u>	<u>3,403</u>	<u>597</u>
Total Public Works	29,000	9,021	19,979
Other			
Insurance and payroll taxes	25,018	16,863	8,155
Capital outlay	90,000	40,089	49,911
Engineering	100,000	11,878	88,122
Road expenses	500,000	186,395	313,605
MACC Council	15,000	15,018	(18)
Miscellaneous	<u>12,300</u>	<u>6,454</u>	<u>5,846</u>
	<u>742,318</u>	<u>276,697</u>	<u>465,621</u>
	<u>\$1,218,410</u>	<u>\$ 693,424</u>	<u>\$ 524,986</u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
March 31, 2004

		<u>Road Fund</u>
ASSETS		
Cash		\$ 2,333
Due from other funds		<u>-</u>
Total assets		\$ <u>2,333</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable		\$ -
Due to other funds		<u>-</u>
		-
Fund balances:		
Unreserved		<u>2,333</u>
Total liabilities and fund equity		\$ <u>2,333</u>

The accompanying notes are an integral part of this statement.

<u>Fire Rescue Donation Fund</u>	<u>Emergency Fund</u>	<u>Dust Fund</u>	<u>Totals (Memorandum Only)</u>
\$ 12,597	\$266,112	\$167,380	\$ 448,422
<u>500</u>	<u>41,879</u>	<u>-</u>	<u>42,379</u>
\$ <u>13,097</u>	\$ <u>307,991</u>	\$ <u>167,380</u>	\$ <u>490,801</u>
\$ -	\$ 1,448	\$ -	\$ 1,448
<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
-	1,948	-	1,948
<u>13,097</u>	<u>306,043</u>	<u>167,380</u>	<u>488,853</u>
\$ <u>13,097</u>	\$ <u>307,991</u>	\$ <u>167,380</u>	\$ <u>490,801</u>

Township of Olive, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

ALL SPECIAL REVENUE FUNDS

Year ended March 31, 2004

	<u>Road Fund</u>
Revenues	
Taxes	\$252,038
Interest earnings	5,279
Other	<u>-</u>
TOTAL REVENUES	257,317
Expenditures	
Salaries and wages	-
Operating expenditures	-
Insurance	-
Capital outlay	-
Road projects	320,632
Maintenance	-
Other	<u>-</u>
TOTAL EXPENDITURES	<u>320,632</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,315)
Other financing sources (uses)	
Transfers to other governmental units	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>-</u> (63,315)
Fund balance - April 1	<u>65,648</u>
Fund balance - March 31	\$ <u><u>2,333</u></u>

The accompanying notes are an integral part of this statement.

<u>Fire Rescue Donation Fund</u>	<u>Emergency Fund</u>	<u>Dust Fund</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$256,812	\$ -	\$508,850
-	1,243	6,589	13,111
<u>4,510</u>	<u>5,114</u>	<u>-</u>	<u>9,624</u>
4,510	263,169	6,589	531,585
-	105,265	-	105,265
-	43,857	-	43,857
-	17,352	-	17,352
2,870	22,774	-	25,644
-	-	-	320,632
-	-	60,341	60,341
<u>3,672</u>	<u>3,172</u>	<u>-</u>	<u>6,844</u>
<u>6,542</u>	<u>192,420</u>	<u>60,341</u>	<u>579,935</u>
(2,032)	70,749	(53,752)	(48,350)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,032)	70,749	(53,752)	(48,350)
<u>15,129</u>	<u>235,294</u>	<u>221,132</u>	<u>537,203</u>
\$ <u>13,097</u>	\$ <u>306,043</u>	\$ <u>167,380</u>	\$ <u>488,853</u>

Township of Olive, Michigan

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$210,000	\$252,038	\$ 42,038
Interest earnings	<u>1,000</u>	<u>5,279</u>	<u>4,279</u>
TOTAL REVENUES	211,000	257,317	46,317
Expenditures			
Road projects	<u>422,000</u>	<u>320,632</u>	<u>101,368</u>
TOTAL EXPENDITURES	<u>422,000</u>	<u>320,632</u>	<u>101,368</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(211,000)	(63,315)	147,685
Fund balance - April 1	<u>65,648</u>	<u>65,648</u>	<u>-</u>
Fund balance - March 31	<u><u>\$(145,352)</u></u>	<u><u>\$ 2,333</u></u>	<u><u>\$147,685</u></u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE RESCUE DONATION FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Donations	\$ -	\$ 4,510	\$ 4,510
TOTAL REVENUES	-	4,510	4,510
Expenditures:			
Capital outlay	-	2,870	(2,870)
Miscellaneous	-	3,672	(3,672)
TOTAL EXPENDITURES	-	6,542	(6,542)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,032)	(2,032)
Fund balance - April 1	15,129	15,129	-
Fund balance - March 31	\$ 15,129	\$ 13,097	\$ (2,032)

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EMERGENCY FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$210,000	\$256,812	\$ 46,812
Interest	2,000	1,243	(757)
Other revenue	<u>-</u>	<u>5,114</u>	<u>5,114</u>
TOTAL REVENUES	212,000	263,169	51,169
Expenditures:			
Salaries and wages	-	105,265	(105,265)
Operating expenditures	211,700	43,857	167,843
Insurance	-	17,352	(17,352)
Capital outlay	-	22,774	(22,774)
Miscellaneous	<u>-</u>	<u>3,172</u>	<u>(3,172)</u>
TOTAL EXPENDITURES	<u>211,700</u>	<u>192,420</u>	<u>19,280</u>
EXCESS OF REVENUES OVER EXPENDITURES	300	70,749	70,449
Other financing uses			
Transfers to other governmental units	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	300	70,749	70,449
Fund balance - April 1	<u>235,294</u>	<u>235,294</u>	<u>-</u>
Fund balance - March 31	<u>\$235,594</u>	<u>\$306,043</u>	<u>\$ 70,449</u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DUST FUND

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ <u>10,000</u>	\$ <u>6,589</u>	\$ <u>(3,411)</u>
TOTAL REVENUES	10,000	6,589	(3,411)
Expenditures:			
Chloride	<u>60,000</u>	<u>60,341</u>	<u>(341)</u>
TOTAL EXPENDITURES	<u>60,000</u>	<u>60,341</u>	<u>(341)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(53,752)	(3,752)
Fund balance - April 1	<u>221,132</u>	<u>221,132</u>	-
Fund balance - March 31	<u>\$171,132</u>	<u>\$167,380</u>	\$ <u>(3,752)</u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS

Year ended March 31, 2004

	<u>Current Tax Collection</u>	<u>Escrow</u>	<u>Totals (Memorandum Only)</u>
ASSETS			
Cash	\$ <u>11,422</u>	\$ <u>5,000</u>	\$ <u>16,422</u>
LIABILITIES			
Due to other funds	\$ 11,422	\$ -	\$ 11,422
Escrow deposits	<u>-</u>	<u>5,000</u>	<u>5,000</u>
	\$ <u>11,422</u>	\$ <u>5,000</u>	\$ <u>16,422</u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND

Year ended March 31, 2004

	Balance April 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31, <u>2004</u>
ASSETS				
Cash	\$ <u>5,294</u>	\$ <u>4,298,911</u>	\$ <u>4,292,783</u>	\$ <u>11,422</u>
LIABILITIES				
Due to other funds	\$ 5,294	\$ 611,407	\$ 605,279	\$ 11,422
Due to state	-	315,811	315,811	-
Due to county	-	1,097,396	1,097,396	-
Due to schools	-	2,270,533	2,270,533	-
Other	-	<u>3,764</u>	<u>3,764</u>	-
Total liabilities	\$ <u>5,294</u>	\$ <u>4,298,911</u>	\$ <u>4,292,783</u>	\$ <u>11,422</u>

The accompanying notes are an integral part of this statement.

Township of Olive, Michigan

BALANCE SHEET
ESCROW DEPOSIT FUND

March 31, 2004

ASSETS

Certificates of deposit

\$ 5,000

LIABILITIES

Escrow deposits

\$ 5,000

The accompanying notes are an integral part of this statement.

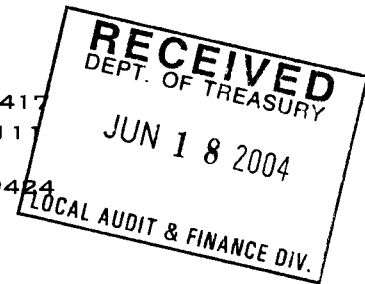
CALVIN MEEUSEN COMPANY, C.P.A., PLLC

**CALVIN D. MEEUSEN
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June 2, 2004



Members of the Township Board
Township of Olive, Michigan

In connection with my examination of the balance sheets of the various funds of the Township of Olive as of March 31, 2004, and the various related statements of revenues, expenditures and fund balances of the year then ended, I have reviewed the accounting policies and procedures employed by the Township and the internal controls in effect. As a result of this review, I wish to make certain comments and recommendations.

I have examined the financial statements of the Township of Olive, Michigan, for the year ended March 31, 2004, and have issued my report thereon dated June 2, 2004. As part of my examination, I made a study and evaluation of the system of internal accounting control of the Township of Olive, Michigan, to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities and Functions". The purpose of my study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Township of Olive, Michigan, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Township taken as a whole.

However, my study and evaluation disclosed that the internal controls are not adequate to reduce to a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Township may occur and not be detected within a timely period. This is because of a lack of segregation of duties due to the limited number of accounting personnel. Accordingly, substantive testing has been increased to reduce to an acceptable level the audit risk associated with this situation.

I recommend that all invoices should have the following information, at minimum, written on them: date received, check number, account code, amount and date paid. I further recommend that a rubber stamp be ordered that would be used to standardize and arrange the above information. This would make it easier to trace an invoice into the detailed accounting information and would tighten the Township's internal controls.

All general ledger accounts in all funds should be reviewed, at minimum, on a monthly basis for reasonableness and completeness. Discrepancies and problems, if found, could then be easily corrected in a more timely manner.

Township management should cross-train personnel to ensure that the computerized or manual accounting records would be properly maintained in the event of illness, vacation, or other extended absence.

A monthly bank reconciliation should be prepared for all cash accounts and compared to the corresponding general ledger balance. Any discrepancies should then be investigated and corrected.

As of March 31, 2004, only \$400,000 of approximately \$3,000,000 was federally insured. I recommend that the Township continue to maintain accounts with a number of federally insured financial institutions to maximize FDIC coverage.

Pursuant to the following subsections of the Michigan Compiled Laws Section 211.43, tax collections shall be delivered according to the following schedule:

3 (a) Within 10 business days after the first and fifteenth day of each month, the township or city treasurer shall account for and deliver to the county treasurer the total amount of state and county tax collections on hand on the first and fifteenth day of each month; to the school district treasurers, the total amount of school tax collections on hand on the first and fifteenth day of each month; and to the public transportation authorities, the total amount of public transportation authority tax collections on hand the first and fifteenth day of each month. If the intermediate school district and community college district provide for direct payment pursuant to subsection (9), the township or city treasurer shall also account for and deliver to the intermediate school district and the community college district the total respective amounts of school tax collections on hand the first and fifteenth day of each month. This subdivision shall not apply to the month of March.

(b) Within 10 business days after the last day of February, the township or city treasurer shall account for and deliver to the county treasurer at least 90% of the total amount of state and county tax collections on hand on the last day of February; to the school district treasurers at least 90% of the total amount of school tax collections on hand on the last day of February; and to the public transportation authorities at least 90% of the total amount of public transportation authority tax collections on hand on the last day of February. If the intermediate school district and community college district provide for direct payment pursuant to subsection (9) the township or city treasurer shall also account for and deliver to the intermediate school district and community college district at least 90% of the total respective amounts of school tax collections on hand on the last day of February.

(12) interest earned by a city, township, or county on collections of taxes levied on or after November 5, 1985 before the tax collections are accounted for and delivered to the respective taxing units pursuant to this section shall also be accounted for and delivered to the respective taxing units on a pro rata basis.

The Township was not in compliance with the above provisions for the year ending March 31, 2004.

Effective April 1, 2004 the Township of Olive will be subject to GASB 34 as a phase three municipality for the year ending March 31, 2005. I would recommend the Township adopt a minimum capitalization policy retroactive to April 1, 2004 of \$2,000. We will be working with the township staff throughout the coming year on implementing GASB 34.

In conclusion, I wish to state that I have had excellent cooperation from all personnel involved in the recordkeeping area and look forward to more of the same in the future. All of the above comments and recommendations have been discussed with Township officials who have indicated to me that the Township will attempt to comply with them. These comments and recommendations are intended to be only of a constructive nature as I am sure they will continue to improve your accounting system. I would be available at any time in order to discuss these comments and recommendations.

Respectfully submitted,

A handwritten signature in black ink that reads "Calvin D. Meeusen Company C.P.A. PLLC". The signature is written in a cursive, flowing style.

Calvin D. Meeusen, C.P.A.